

## CHOOSING A HEALTH CARE PLAN

No health care provider is right for everyone because no program covers every health care service or cost.

There are wide differences in coverage among insurers, with perhaps the greatest variations occurring in office visit coverage.

Selecting the health care provider that is best for you may take a little doing on your part, and a little thought about what coverage is important to you, but the effort can pay off in better, less costly or more convenient health care for you and your family.

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## A MESSAGE FROM THE GOVERNOR

Most of us are familiar with the rising cost of health care. This issue of pRide is intended to serve as a resource for your questions regarding employee health benefits. From calling attention to the importance of individual lifestyle and its impact on health to providing information on choosing the health plan that is best for you, pRide hopes to supply information that will help you to make responsible, well-informed choices regarding both your employee benefits and your health.

Everyone recognizes the importance of employee health and well-being as it relates to job performance. The health, safety and welfare of the employees of the State of Rhode Island are a matter of deep concern, as well as a matter of social responsibility for the State.

As many of you are aware, in an effort to provide an additional health resource for state employees, on January 21, 1986, I issued Executive Order No. 86-3, establishing the State of Rhode Island Employee Assistance Program.

The Rhode Island Employee Assistance Program provides assessment, referral, and supportive services to help state employees or their dependents resolve a full range of problems including alcoholism and drug dependency, emotional or behavioral disorders, family or marital discord, financial or legal difficulties and other health or well-being issues.

These services are available to both state employees and their dependents in recognition that problems at home can adversely affect a person's ability to perform effectively on the job. Individuals should feel free to participate in this valuable program. Participation in the Rhode Island Employee Assistance Program will not jeopardize any individual's present job security or future advancement opportunities since all participation is held in the strictest confidence. The State of Rhode Island is fortunate to have many dedicated employees. The Rhode Island Employee Assistance Program and this issue of pRide are just two of the ways that we are working to give state employees options in choosing both health care benefits and a healthier, happier lifestyle.



Edward D. DiPrete  
Governor

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# EMPLOYEE HEALTH CARE COST CONTAINMENT:

## New Trend for the Waning '80s

"Health care cost containment" is the "in" phrase among employee benefits providers today. Much free advice is being bandied about to large and small employers, in both the private and public sector, on how to shift costs, encourage good health among workers, and how to challenge fraudulent claims: all aimed at solving the problem of escalating costs of health care for employees.

In the past 15 years, the amount of money spent on health care in the United States has tripled — from \$100 billion to over \$300 billion and not all of it is attributable to inflation by any means. Assuming the current rate of increase continues, annual health care costs may reach \$450 billion by 1990, four short years away.

The average monthly contribution by state governments to their employee health insurance plans rose 9.6% in 1985 to \$72. Health care is now the single most expensive employee benefit.

Although the fact that there have been huge increases in benefit costs for employees comes as no surprise to state officials, the range of cost containment programs implemented by government leaders has been startlingly wide, according to John Macklin, senior vice president of Martin E. Segal Company.

Macklin presented results of a survey conducted by his firm to the annual meeting of the State and Local Government Benefits Association. He noted that while some of the state management programs were primarily attempts to shift costs to employees, numerous states do have cost reduction programs in force.

Macklin explained that although some states have not made headway in reducing benefit costs, the benefits offered to employees have increased in value and health awareness. One example given is a rise in the number of states offering workers hospice care benefits. Under such long-term care programs, Macklin said, states are able to promote the "humanitarian" approach to extended care, while paying rates lower than those of the average hospital.

Health Maintenance Organization (HMOs) alternative care plans are now offered by 35 states. And of those states offering HMOs, a surprising 12 states have more than 15 percent of their employee population enrolled.

### Cost-Conscious Consumers

Several states have also implemented comprehensive cost-awareness programs intended to make employees cost-conscious consumers of health care benefits. Many states encourage workers to get second surgical opinions by offering a bonus or by penalizing employees who fail to obtain second evaluations.

For example, the state of West Virginia will pay 100 percent of the cost of the second opinion, and 100 percent of the surgery if required. If however, an employee proceeds with surgery without the second opinion, the state will only pay 50 percent of the surgical charges. Mississippi limits benefits for weekend admissions and pays employees one-half of the amount of a billing error if detected by the worker.

These billing errors occur far more frequently than one would think. A recently completed study by Equifax Services, Inc. revealed that 98.1% of audited hospital bills contained errors.

Equifax examined 3,850 bills from hospitals in 41 states. Of bills with errors, 96.9% contained unsupported charges (those which could not be substantiated). The current error rate increased by 5 percent over the past two years. In 1982, Equifax found that 93% of audited bills contained inaccuracies; in 1981,

90% were in error. According to W. C. Sherer, a manager for Equifax Services, most discrepancies in hospital bills occur because of human error. Thus, a popular technique for reducing health care benefit costs is the claim audit.

This approach is said to have the potential of saving from 3 to 10 percent or more of plan costs, even under conventional insurance arrangements, according to several benefits consultants. Frequently, says the consulting firm of Towers, Perrin, Forster & Crosby, errors include: inappropriate application of deductibles, failure to observe maximum limits; improper classification of expenses; inadequate investigation of eligibility; failure to observe "reasonable and customary" reimbursement guidelines; and failure to invoke coordination of benefits (COB) provisions.

### Wellness Programs

In a further attempt to limit unnecessary use of health care, many states have begun to offer intricate wellness or health promotion programs.

Health consulting firms agree that employers can benefit by educating employees on how to live healthy lifestyles.

The State of Utah has developed a public employees health program known as "Healthy Utah." Under the plan, the state provides a two-hour health risk appraisal and nutrition status test to all state employees. These tests are followed up with a session on how the worker can develop and maintain a healthy life style. Workers enrolled in the PEH program are entitled to tuition payments and rebates for participating in the program.

Program costs are estimated at \$47 per person. In addition to the fitness appraisals, employees are provided rebates for enrolling in exercise programs, losing weight and eliminating cigarette smoking. Employees who participate in the honor system fitness program can earn up to \$60, while workers who lose weight and maintain their goal can earn up to \$1 per pound. Workers who stop smoking for one year receive a \$100 rebate. Because the program is new, no tangible figures relating to the cost-effectiveness of the program are available. Wellness programs such as this one, must be undertaken for the long-haul because benefits such as a reduction in the incidence of cancer will not be seen for a number of years.

### Early Efforts at Cost Containment

Early attempts by most employers at cost-containment efforts consisted of cost-sharing — or passing costs on to workers through higher deductibles and co-payments and larger contributions to the premium plan. Detractors of the scheme argued, successfully, that cost-sharing is cost-shifting, and is not cost containment. Nothing is saved, nor are annual increases in health care costs "contained" by unloading a larger part of the cost onto employees, say these sceptics.

Predictably, employee unions are dead set against cost-shifting. According to a report by the Work in America Institute, employers "need not pass costs on to employees in order to keep the lid on" health care expenses. "Although cost-sharing can discourage the unnecessary utilization of benefits," says the report, "our findings have made it clear that employers, employees, and unions working together can find better methods of cutting costs while at the same time improving the quality of care."

At a public employees' conference sponsored by the International Foundation of Employee Benefits Plans, state government officials were told that they should cooperate with labor and management in developing health care cost contain-





## FROM THE OFFICE OF THE GOVERNOR . . .

### Executive Orders

- | No.          | Date    | Subject   |
|--------------|---------|---|
| 86-7         | 2-18-86 | Establishes Governor's Insurance Council to study availability and affordability of insurance in Rhode Island; fostering a business climate conducive to the growth and success of insurance companies in Rhode Island; and making Rhode Island attractive to insurers not now doing business in the state. |
| 86-8         | 3-14-86 | Transfers the Housing Seed Money Fund from the former Department of Community Affairs to the Governor's Office of Intergovernmental Relations.  |
| 86-9         | 4-2-86  | Establishes an interdepartmental commission to review options and make recommendations to the Governor on state economic policies.  |
| 86-104-16-86 |         | Defines the state policy on refugees and establishes a resettlement program.  |
| 86-114-17-86 |         | Orders that the Rhode Island VFW Commander who holds a special "VFW Commander" license plate, be allowed to keep his personal plate held in abeyance for the duration of his term as Commander with no additional fees charged for this service.  |

For more information or copies of Executive Orders, contact Shawn Magee, Office of the Governor's Legal Counsel, Room 320, State House — 277-2080.



*The Spirit Burns Brighter  
In Rhode Island*

### Health Care Cost Containment (continued from page 2)

ment programs; that they may contract with health care providers; and that they can self-fund their health plans to hold down costs. And American Federation of State, County and Municipal Employees president Gerald McEntee said that AFSCME's concern is that workers not be made "sacrificial lambs" in efforts to control costs. AFSCME believes an appropriate solution can be reached through labor-management cooperation.

### Managed Care Initiatives

A growing number of employers are turning away from cost-shifting tactics to managed care initiatives and health promotion, and employee assistance programs.

Among the managed-care controls being used by more employers are: second surgical opinions; preadmission testing; higher payment allowances for use of outpatient rather than inpatient facilities; precertification procedures; utilization reviews; hospital bill audits; and shared savings provisions.

No matter what direction future health care cost containment efforts take in Rhode Island state government, state employees can expect some changes in their health care benefit package. Health care cost containment is the new trend for the waning '80s.

## America's Health Care Revolution

By Joseph A. Califano, Jr., Random House, 241 pp.

### THE BOOK MARK

The big business of health care in the United States, which ranks third in consumer spending and employs one in fourteen Americans, is the focus of this book by former Health, Education and Welfare Secretary Joseph Califano.

Califano's experience as HEW Secretary qualifies him to take this critical look at the cost and distribution of health care in the United States, but as Chairman of Chrysler Corporation's Committee on Health Care, he also brings a business perspective to this study.

Currently, Califano charges, the health care industry is characterized by waste and abuse. He gives as examples a \$22,000 bill for seven hours of unsuccessful hospital emergency surgery, and a hospital's refusal to transfer a stable heart attack victim to a Veterans Administration hospital where he would receive free care. He also notes that, during his tenure at HEW, 30 percent of Medicare's budget was "spent on patients with less than a year to live, usually in high-tech, life-extending, hospital intensive care units" while funding for low-cost hospice care was denied.

The subtitle of the book — *Who Lives? Who Dies? Who Pays?* — describes much of its content. Califano asks whether we can have the miracles of modern medicine without colossal costs, inefficiency, and abuse and corruption; how we deal with the reality of an aging population that will change the ratio of worker to retiree from six-to-one in 1985 to three-to-one in 2030; whether we can control the costs of Medicare and Medicaid and still deliver excellent health care to those in need; and how we decide who gets the next available heart, liver, or kidney.

Califano maintains that a revolution in America's health care system already is under way, a revolution that may set off generational, political, and ethical conflicts to rival any our nation has experienced.

The prescription offered in *America's Health Care Revolution* is to give the health care system back to private enterprise. We must "shape this incipient revolution into a fundamental transformation of the personal motivations, financial incentives, and institutional roles and relationships of doctors, hospitals, patients, and purchasers of health care." Competition, price shopping, and tough negotiations are the only way to insure a high quality, affordable health care system, Califano says.

Most importantly, Califano argues, we must change from what he calls "sick care to health care." That means, take better care of ourselves, use hospitals only when alternatives aren't feasible, and give health care professionals the incentives necessary to practice preventive medicine instead of just treating us when we are sick.

### pRIde

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## pRIde IN PERFORMANCE



### DELTA DENTAL OF RHODE ISLAND AMONG NATION'S BEST

"In all areas of measuring either a Delta plan or a dental insurance plan, Delta Dental (of R.I.) is not only alive and extremely well, in fact, we have never been better," said Douglas J. McIntosh, Executive Director of Rhode Island Delta Dental, addressing the 26th Annual Meeting of the Corporation.

The following facts attest to the dental plan's well-being:

- The plan has grown to be the 10th largest in the country.
- It ranks number one in ratio of enrollments to state population of any plan in the nation.
- It enjoys a substantial annual rate of growth — 12,000 new customers were added to the rolls in 1985.
- Ninety-five percent of Delta Dental business is comprehensive coverage involving no deductibles and no co-insurance.
- Benefit expansion has added more benefits to the various level programs.
- In 1985, 84% of enrolled groups received a fee decrease averaging 2.5%.
- R.I. Delta Dental is second to none in thoroughness and timeliness of processing. Operational costs of only 9.5% of income is the lowest processing cost in the nation.

During 1985, Delta Dental of Rhode Island paid out 332,000 claims, an increase of 24,000 claims over the previous year. Benefit payments increased by \$1.8 million to \$22.5 million. Despite these increases in the number of claims, R.I. Delta Dental's error rate for claims processing was cut in half to .4%. This is well below the national standard of 3% error rate for claims processing.

Over 98% of Delta Dental business has paid-in-full coverage with the remaining 2% utilizing deductibles, co-insurance or a combination of both. In contrast, nationally, most plans have full comprehensive coverage for only 10% of the dental business.

The growth rate of Delta Dental of Rhode Island has never been equaled anywhere in the Delta Dental system. The local plan enjoys the highest market penetration of any dental plan in the country. This growth rate coupled with the many cost containment programs utilized by Delta Dental, such as quality assurance, pre-authorization review and in-office fee verifications have saved substantial dollars — savings which have minimized premium increases, and provided Rhode Islanders with one of the best dental plans in the country.

"All in all," McIntosh told the corporation members, "whether one looks at enrollment numbers, fiscal outcomes, benefit design and structure, depth of coverage, or any view, the marketing success continues, and we hope you take as much pRIde in that story as we do."

## HOW HEALTHY IS YOUR LIFESTYLE?

A healthy lifestyle translates into greater job effectiveness. This is the conclusion of Dr. D. W. Edington, director of the Fitness Research Center at the University of Michigan and co-author, with Dr. Kenneth Blanchard and Dr. Marjorie Blanchard, of *The One Minute Manager Gets Fit* (William Morrow).

To support his assertion, Edington cites a study of 1,200 employees at Henry Ford Hospital in Detroit and another study of 3,231 employees at Tenneco Inc., in Houston. Those who participated at least twice a week in employer-sponsored fitness programs (exercise and stress management) had more promotions and merit raises and less absenteeism.

Edington concludes that changes in personal fitness habits allow for measurable results (in miles run, for instance, or pounds shed). When people see progress from managing this fundamental area of their lives, they are more likely to take control of other aspects of their lives. "Managers tend to become more assertive and decisive," he says. Aside from looking and feeling better, people who stick to fitness programs build self-confidence and command more respect, adds Edington.

To evaluate your lifestyle, try this questionnaire from the book:

1. I love my job (most of the time).  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. I take safety precautions such as using seat belts.  
Yes \_\_\_\_\_ No \_\_\_\_\_
3. I am within five pounds of my ideal weight.  
Yes \_\_\_\_\_ No \_\_\_\_\_
4. I know three methods to reduce stress that do not include drugs or alcohol.  
Yes \_\_\_\_\_ No \_\_\_\_\_
5. I feel that I have a good social support system.  
Yes \_\_\_\_\_ No \_\_\_\_\_
6. I do not smoke.  
Yes \_\_\_\_\_ No \_\_\_\_\_
7. I sleep six to eight hours a night.  
Yes \_\_\_\_\_ No \_\_\_\_\_
8. I engage in regular physical activities at least three times per week.  
Yes \_\_\_\_\_ No \_\_\_\_\_
9. I have seven or fewer alcoholic drinks a week.  
Yes \_\_\_\_\_ No \_\_\_\_\_
10. I know my blood pressure.  
Yes \_\_\_\_\_ No \_\_\_\_\_
11. I follow sensible eating habits.  
Yes \_\_\_\_\_ No \_\_\_\_\_
12. I have a positive mental attitude.  
Yes \_\_\_\_\_ No \_\_\_\_\_

If you answered No to eight or more, your lifestyle may be limiting your managerial effectiveness. Edington suggests making a commitment to a comprehensive fitness program that includes instruction in exercise, diet and stress management.



## TYPES OF EMERGENCIES AND WHAT TO DO

Medical emergencies mean different things to different people.

An over-anxious parent may rush a child to an emergency room for little more than the normal bumps and scrapes common to all childhood.

At the other extreme, some adults may be so fearful of going to a hospital that they will endure the symptoms of a true emergency and delay getting help, thereby reducing their chances of survival.

What would a doctor consider an emergency? Any of the following would fall into that category: Severe chest pains, unconsciousness, convulsions, shortness of breath or difficulty breathing, severe abdominal pain, severe and uncontrollable bleeding, head injury, bullet or stab wounds, broken bones, severe burns (heat or chemical).

Also smoke inhalation, inhalation of poisonous fumes, slurring or loss of speech, heat stroke, dehydration, dangerously low body temperature (hypothermia), temperature over 103 degrees, prolonged vomiting or diarrhea, poisoning, overdose of drugs, snake or animal bites and insect stings that result in shortness of breath, choking, eye injuries or foreign substance in the eye or sudden loss of vision.

If you're in doubt, call your doctor or the nearest emergency room. Be prepared to tell the doctor or nurse all you can about the situation as calmly as possible.

There are three main types of emergency facilities — hospital emergency rooms, trauma centers and urgent care centers. They differ in several important aspects.

Hospital emergency rooms (ERs) fall into two categories — 24-hour and stand-by. Most hospitals have 24-hour ERs which require an emergency physician to be present 24 hours a day. This type of facility also has specialists on call within a very short time. Ambulances and paramedics are required to take the patient to the nearest 24-hour ER.

Stand-by ERs do not have a physician present 24 hours a day, but there is a nurse on duty.

Trauma centers are fairly new, and are not yet widespread. They are special units within a 24-hour ER that treat only severe trauma patients requiring surgical intervention within an hour. A trauma team, including a surgeon, an anesthesiologist (and often specialists such as a neurosurgeon), is on duty 24 hours a day. At least one operating suite is held in readiness for the trauma team.

Paramedics bring in 95 percent of the patients treated in a trauma center.

Urgent care centers are free-standing facilities that are not affiliated with a hospital. These urgent care or Emergi Centers can provide minor emergency care, but they are not equipped with the backup resources of a hospital emergency room. They can treat problems such as minor stitches for deep cuts, or minor burns, or situations requiring splints.

Urgent care centers are often less expensive because they don't have the overhead costs of a hospital ER. Used properly, they form a valuable link in the health care system.

However, if you have a life-threatening situation such as severe chest pains, convulsions, undiagnosed high fever and so on, go directly to a hospital. It is better equipped to analyze the problem and treat you.

Although emergencies strike suddenly and generally without warning, there are some steps you can take to prepare for them. Shop around for the best emergency room in your area; some are better than others. Start with the hospital where your personal physician has admitting privileges. Proximity to your home is also important. You don't want to dash across town in an emergency.

Map out the best way to get there by car or public transportation.

Post a list of phone numbers where all the family can see it: Police and fire departments, ambulance, paramedics, your family doctor, and the nearest relative or neighbor in case your children are alone or with a babysitter.

### Choosing A Health Care Plan (Continued from page 1)

The open enrollment drive is the only period during the year when state employees have the opportunity to change health plans. So be sure to read the information on health care providers given to you with your paycheck or through other distribution.

Begin your personal health care needs evaluation by taking stock of what your

### To all state employees:

For the past year Personnel **pRide** has been sponsored by the State Employees' Credit Union. From the newsletter's earliest days, SECU had the needed vision, confidence and faith in **pRide** to commit the financial support necessary to see it through its infancy. With its one-year (4-issues) commitment fulfilled, SECU has opted to cease this affiliation.

With that decision made, and speaking on behalf of all state employees, I wish to express my thanks and appreciation to the officers and staff of SECU for their faith and encouragement during the newsletter's formative months. Without their moral and financial support, it is quite possible that **pRide** would not have come into existence.

Beginning with this issue, **pRide** is co-sponsored by Ocean State's Physician Health Plan, and the Rhode Island Group Health Association. (Editor's note: See display advertising on p. 6).

If the enthusiasm shown towards **pRide** by these health care providers is any measure, I am certain that our relationship will be a long and lasting one.

To our new co-sponsors — **WELCOME TO THE FAMILY OF pRide!**  
Edward D. DiPrete  
Governor

present needs are. Then see which of the health plans would best serve you and your family at the most reasonable cost.

You might try sorting out your requirements by asking yourself the following questions:

How many members of my family will be covered? What are our expected health needs? Which health plans best serve our needs? Is my choice convenient to my home, workplace or child's school? If I elect coverage that costs me less, what, if anything, do I have to trade-off for my savings? How much of the premiums if any, will be deducted from my paycheck? Is the cost, based on the services provided, the best investment for me? Does the insurer require co-payments, or place a cap on services provided? Are there services not included that are important to me?

Finally, remember that trade-offs will most likely be necessary in choosing another health care plan, and to take this fact into account when making your decision.





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